

implement smoking cessation incentives and initiatives with mechanisms to verify member compliance with smoking cessation requirements; and

Whereas, over 60% of North Carolina adults are obese or overweight; and

Whereas, obesity is linked to an over 37% increase in health care spending at a cost of \$2,445 per member per year; and

Whereas, weight management and cessation of tobacco use have been demonstrated to result in improved member health and substantial savings in health care costs making it fiscally prudent to implement smoking cessation and weight management incentives and initiatives with mechanisms to verify member compliance with smoking cessation and weight management requirements; Now, therefore,

*The General Assembly of North Carolina enacts:*

**PART ONE: APPROPRIATIONS, DEFINITIONS, AND SCOPE.**

**SECTION 1.(a)** Appropriation for 2008-2009 Fiscal Year. – There is appropriated from the Savings Reserve Account established in G.S. 143C-4-2 to the Health Benefit Reserve Fund established in G.S. 135-44.5 the sum of two hundred fifty million dollars (\$250,000,000) for the 2008-2009 fiscal year. These funds shall be used to address the shortfall in funds available for the payment of health care and administrative costs under the State Health Plan for Teachers and State Employees ("Plan") for the 2008-2009 fiscal year.

**SECTION 1.(b)** General Fund Appropriation for 2009-2011 Fiscal Biennium. – Notwithstanding G.S. 143C-5-2, there is appropriated from the General Fund to the Reserve for the State Health Plan in the Office of State Budget and Management the sum of one hundred thirty-two million two hundred fourteen thousand seven hundred fifty-two dollars (\$132,214,752) for the 2009-2010 fiscal year and the sum of two hundred seventy-six million one hundred seventy-nine thousand seven hundred nine dollars (\$276,179,709) for the 2010-2011 fiscal year. These funds shall be used to cover health care and administrative costs to the Plan in the 2009-2011 fiscal biennium.

**SECTION 1.(c)** Highway Fund Appropriation for the 2009-2011 Fiscal Biennium. – Notwithstanding G.S. 143C-5-2, there is appropriated from the Highway Fund to the Reserve for the State Health Plan in the Office of State Budget and Management the sum of six million one hundred seventy thousand twenty-two dollars (\$6,170,022) for the 2009-2010 fiscal year and the sum of twelve million eight hundred eighty-eight thousand three hundred eighty-six dollars (\$12,888,386) for the 2010-2011 fiscal year. These funds shall be used to cover health care and administrative costs to the Plan in the 2009-2011 fiscal biennium.

**SECTION 1.(d)** All other agency funds required to fund the premium increase enacted in this act, other than funds appropriated in subsections (b) and (c) of this section, are appropriated for the 2009-2011 fiscal biennium.

**SECTION 1.(e)** Definitions. – As used in this act unless the context clearly requires otherwise:

- (1) "Plan." – The State Health Plan for Teachers and State Employees.
- (2) "Basic Plan." – The Plan's PPO option providing for 70/30 in-network coverage after deductibles and co-payments.
- (3) "Smoking" or "Smoking cessation." – Includes cessation of the use of all tobacco products.
- (4) "Standard Plan." – The Plan's PPO option providing for 80/20 in-network coverage after deductibles and co-payments.

**SECTION 1.(f)** Scope. – In the event of a conflict between the provisions of this act and Article 3A of Chapter 135 of the General Statutes, this act prevails.

**PART TWO: HEALTH BENEFIT CHANGES.**

**SECTION 2.(a)** Eliminate PPO Plus Option. – Effective July 1, 2009, the PPO Plus option (90/10 in-network coverage) under the State Health Plan for Teachers and State Employees ("Plan") is eliminated. The Executive Administrator shall provide notice to all members of the Plan that this option will no longer be available as of July 1, 2009. Employees